



## Summary of Consolidated Financial Results for the First Six Months of FY 3/2021 [Japanese GAAP]

November 6, 2020

Company Name NISSO CORPORATION Stock Exchange Listing: Tokyo  
 Securities Code 6569 URL <https://www.nisso.co.jp/>  
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 Sr. Executive Officer,  
 Contact Person (Title) Corporate Planning Dept. Director (Name) Kenichi Nomura TEL +81-45-514-4323  
 Scheduled date of filing November 12, 2020 Scheduled date of payment of dividend —  
 Quarterly Report  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2021 (April 1, 2020 – September 30, 2020)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First six months ended								
September 30, 2020	32,972	(10.4)	731	(35.2)	989	(14.3)	596	(24.0)
September 30, 2019	36,797	12.2	1,128	23.2	1,154	24.0	785	33.5

(Note) Comprehensive income For the first six months ended September 30, 2020: 598 Million yen (-19.4%)  
 For the first six months ended September 30, 2019: 741 Million yen (24.3%)

	Net income per share	Diluted net income per share
First six months ended	Yen	Yen
September 30, 2020	17.65	17.58
September 30, 2019	23.39	23.14

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019. "Net income per share" and "diluted net income per share" are calculated assuming that the shares were split at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2020	20,770	11,664	56.2
March 31, 2020	22,494	11,895	52.9

(Reference) Equity capital As of September 30, 2020: 11,664 Million yen  
 As of March 31, 2020: 11,895 Million yen

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ending	Yen	Yen	Yen	Yen	Yen
March 31, 2020	—	0.00	—	25.00	25.00
Fiscal year ending	—	0.00			
March 31, 2021					
Fiscal year ending			—	11.53	11.53
March 31, 2021 (Forecast)					

(Note) Revisions to the most recently announced dividend forecast: Yes

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2021**  
**(April 1, 2020 - March 31, 2021)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	67,000	(10.6)	1,800	(41.2)	2,100	(33.3)	1,300	(36.1)	38.43

(Note) 1. Revisions to the most recently announced consolidated earnings forecast: Yes

2. For details regarding the Consolidated Forecast, please refer to the "Notice of Revisions of Full-year Consolidated Forecast and Dividend Forecast for the Fiscal Year Ending March 31, 2021" announced today (Friday, November 6, 2020).

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly added: (Co. name) , Excluded: (Co. name)

(2) Application of special accounting methods for the presentation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

- ① Changes in accounting policies due to revisions in accounting standards, etc.: None
- ② Changes in accounting policies other than ① above: None
- ③ Changes in accounting estimates: None
- ④ Restatements: None

(4) Number of outstanding shares (Common stock)

① Number of shares outstanding at the end of the period (including treasury shares)	As of Sep. 30, 2020	34,201,200 Shares	As of Sep. 30, 2019	34,201,200 Shares
② Number of treasury shares at the end of the period	As of Sep. 30, 2020	366,381 Shares	As of Sep. 30, 2019	390,853 Shares
③ Average number of shares outstanding during the period	First six months ended Sep. 30, 2020	33,818,504 Shares	First six months ended Sep. 30, 2019	33,574,276 Shares

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019. "Number of shares outstanding at the end of the period", "number of treasury shares at the end of the period" and "average number of shares outstanding during the period" are calculated assuming that the shares were split at the beginning of the previous consolidated fiscal year.

※ The quarterly financial statement is not subject to the quarterly review procedures of certified public accountants or auditing corporations

※ Cautionary statement on the appropriate use of earning forecasts, and other special items  
(Notes on forward-looking statements, etc.)

- Earnings forecasts regarding future performance and other forward-looking statements in this material are based on certain assumptions judged to be valid and on information that is currently available to the Company, and do not represent promises by the Company that these figures will be achieved. In addition, actual results may differ significantly due to a variety of factors. For prerequisite conditions, etc. regarding the earnings forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Description of Future Forecast Information such as Consolidated Forecasts, etc." on P. 4 of the attachments.

(Supplementary materials for quarterly financial results and method of obtaining content for quarterly financial results meeting)

The Company is planning to hold a briefing session for institutional investors and analysts on Tuesday, November 10, 2020.

Quarterly financial results briefing materials to be used on that day will be posted on the Company's website on the day of the announcement of financial results (Friday, November 6, 2020).

(Reference) Summary of Non-consolidated Financial Results

**Non-consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2021  
(April 1, 2020 - September 30, 2020)**

(1) Non-consolidated results of operations)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Quarterly net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First six months ended								
September 30, 2020	30,155	(11.2)	760	(32.8)	977	(14.0)	605	(22.0)
September 30, 2019	33,955	13.3	1,131	15.8	1,136	15.6	777	23.5

	Net income per share	Diluted net income per share
First six months ended	Yen	Yen
September 30, 2020	17.92	17.84
September 30, 2019	23.14	22.89

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019. "Net income per share" and "diluted net income per share" are calculated assuming that the shares were split at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2020	18,347	11,024	60.1
March 31, 2020	20,024	11,247	56.2

(Reference) Equity capital      As of September 30, 2020:      11,024 Million yen  
As of March 31, 2020:      11,247 Million yen

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Description of Results of Operations

Although Japan's economy during the current consolidated cumulative second quarter (hereinafter, the "period under review") remained in harsh conditions due to the spread of the new coronavirus infections (hereinafter, "COVID-19 infections"), economic activity has been recovering recently. On the other hand, it is necessary to pay close attention to the effects of weakening demand and fluctuations in financial and capital markets due to the spread of COVID-19 infections overseas.

As for the business environment surrounding the Nisso Group (hereinafter, the "Group"), domestic manufacturers, who are important clients, have shown signs of a recovery in the production of transportation equipment (mainly automobiles) and the production of electronic components and devices has generally remained flat due to increased demand for IT due to changes in 5G and work-styles. Also, in terms of employment conditions, although the number of employed persons and new job openings have decreased significantly, some manufacturers, who are NISSO CORPORATIONS's (hereinafter, the "Company") clients, are showing signs of improvement in their needs for utilizing external human resources.

In this environment, based on its founding philosophy of "*Nurturing and Bringing Out the Best in People*", the Group will continue to implement the following initiatives in order to achieve the enhancement of corporate value, with the aim of creating workplaces where workers can gain a sense of fulfillment and flourish, as well as providing services that can contribute to its growth as a company.

In the period under review, in manufacturing-related human resources services, the Group's core business, the Company has been actively developing human resources by utilizing its own educational facilities in order to improve the skills and retention rate of manufacturing staff, under the strategy of focusing on the assignment of "skilled staff", who are indefinite-term employees, to Account Companies, who are positioned as important clients.

In Other Businesses, the Group has been making efforts to improve its management structure by enhancing the quality of services provided at "Sweetpea", its nursing care facilities located in 6 locations in Yokohama, increasing the number of its residents, promoting operational efficiency.

In addition, non-operating income generated 274 million yen in subsidy income. This was mainly due to subsidies for employment adjustment associated with the spread of COVID-19 infections.

As a result, the results of operations for the period under review are as follows: net sales of 32,972 million yen (down 10.4% year-on-year), operating profit of 731 million yen (down 35.2% year-on-year), ordinary profit of 989 million yen (down 14.3% year-on-year), and profit attributable to owners of parent amounted to 596 million yen (down 24.0% year-on-year).

Based on its policy of putting the safety of its clients and employees as a top priority, although the Group has established the "COVID-19 Countermeasures Headquarters" and is conducting business activities that strengthen measures to prevent the spread of COVID-19 infections, in the event of an occurrence where individuals are affected by the virus at its clients, workplaces or nursing care facilities, the business performance of the Group may be affected. With the lifting of the state of emergency declaration, economic activity has gradually resumed, and the economic activities of clients related to the Company are likely to recover, and it is believed that the utilization needs of external human resources will also recover from the third quarter onwards.

The results of operations by segment are as follows:

#### **(Human Resources Services Business)**

Within the General Human Resources Services Business, the Company carries out manufacturing dispatching and contracting for its manufacturing-related human resources services, general office work dispatching and BPO (Business Process Outsourcing: the outsourcing of operations and processes of specific business-related tasks to a [third-party] specialized company) for its administrative human resources services.

In manufacturing-related human resources services, the core business which accounted for 91.5% of consolidated net sales during the period under review, the Company is making efforts to increase the motivation of manufacturing staff to work and improve the retention rate by implementing education that enhances added value, including the use of on-line education, etc., as well as its own educational facilities. Net sales in the automobiles-related industry decreased (down 18.6% year-on-year) due to sluggish demand as a result of the spread of COVID-19 infections, and net sales in the electronic devices-related industry increased (up 4.6% year-on-year) due to strong semiconductor-related production, including investments in IT infrastructure. The Group has been engaged in business

activities on the premise of protecting the employment of manufacturing staff. Although the need for external human resource utilization of clients have been improving at some manufacturers, it has been sluggish overall, and the number of enrolled staff decreased by 2,246 compared to the end of the previous consolidated fiscal year.

On the other hand, in the period under review (July 1, 2020 to September 30, 2020), although net sales related to Account Company Groups, who are positioned as important clients, decreased (down 4 million yen year-on-year), the net sales share ratio was at 48.0% (which was at 44.2% in the corresponding period of the previous year). Also, the needs of skilled staff, who have a high set of skills and high retention rates, remained firm, the number of such staff increased by 43 compared to the end of the previous consolidated fiscal year.

However, in the period under review, despite efforts to control expenses such as recruitment expenses, decreases in staff enrollment and net sales were not fully absorbed, resulting in decreased revenue and profits.

As a result, net sales amounted to 31,515 million yen (down 11.1% year-on-year), and operating profit was 771 million yen (down 31.5% year-on-year).

#### **(Other Businesses)**

The Company operates nursing care businesses for its Other Businesses.

In the facilities nursing care business, which is the core business of this business segment, the number of residents of the nursing care facility, "Sweetpea Higashi Totsuka" increased during the period under review as a result of promoting on-line facility preview events on the premise of preventing the spread of COVID-19 infections. In terms of costs, the cost of sales, such as personnel and operating expenses also increased, and although efforts were made to reduce such expenses, they were not absorbed, resulting in increased revenues and decreased profits.

As a result, net sales amounted to 1,461 million yen (up 6.7% year-on-year), and operating loss was 39 million yen (which was an operating profit of 2 million yen in the corresponding period of the previous year).

(2) Description of Financial Position

(Assets)

Current assets at the end of the period under review amounted to 13,583 million yen, which was a decrease of 2,038 million yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 1,192 million yen in notes and accounts receivable (trade), and 794 million yen in cash and deposits.

Non-current assets at the end of the period under review amounted to 7,186 million yen, which was an increase of 314 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 334 million yen in "other" under the investments and other assets category.

As a result, total assets amounted to 20,770 million yen, which was a decrease of 1,723 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the period under review amounted to 7,802 million yen, which was a decrease of 1,476 million yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 329 million yen in accrued expenses and 327 million yen in income taxes payable.

Non-current liabilities at the end of the period under review amounted to 1,302 million yen, which was a decrease of 16 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 68 million yen in long-term loans payable.

As a result, total liabilities amounted to 9,105 million yen, which was a decrease of 1,492 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets at the end of the period under review amounted to 11,664 million yen, which was a decrease of 230 million yen from the end of the previous consolidated fiscal year. This was mainly due to the 596 million yen in profit attributable to owners of parent, and 845 million yen in dividends of surplus.

As a result, the equity ratio was at 56.2% (which was at 52.9% at the end of the previous consolidated fiscal year).

(3) Description of Future Forecast Information such as Consolidated Forecasts, etc.

Based on the results of the period under review, the Full-year Consolidated Forecast and Dividend Forecast announced on August 7, 2020 has been revised.

For details, please refer to the "Notice of Revisions of Full-year Consolidated Forecast and Dividend Forecast for the Fiscal Year Ending March 31, 2021" announced today (Friday, November 6, 2020).



## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	FY 3/20 (As of Mar. 31, 2020)	2Q of FY 3/21 (As of Sep.30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	6,365	5,570
Notes and accounts receivable - trade	8,434	7,241
Other	827	776
Allowance for doubtful accounts	(4)	(4)
<b>Total current assets</b>	<b>15,622</b>	<b>13,583</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,852	1,815
Land	2,738	2,738
Other, net	164	177
<b>Total property, plant and equipment</b>	<b>4,754</b>	<b>4,730</b>
Intangible assets	377	389
Investments and other assets		
Other	1,740	2,074
Allowance for doubtful accounts	(0)	(7)
<b>Total investments and other assets</b>	<b>1,739</b>	<b>2,066</b>
<b>Total non-current assets</b>	<b>6,871</b>	<b>7,186</b>
<b>Total assets</b>	<b>22,494</b>	<b>20,770</b>
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term loans payable	126	137
Accrued expenses	4,648	4,318
Income taxes payable	812	485
Provision for bonuses	879	992
Provision for directors' bonuses	-	14
Other	2,812	1,854
<b>Total current liabilities</b>	<b>9,279</b>	<b>7,802</b>
Non-current liabilities		
Long-term loans payable	623	555
Net defined benefit liability	303	391
Other	392	356
<b>Total non-current liabilities</b>	<b>1,319</b>	<b>1,302</b>
<b>Total liabilities</b>	<b>10,598</b>	<b>9,105</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,012	2,012
Capital surplus	2,369	2,365
Retained earnings	7,926	7,678
Treasury shares	(334)	(313)
<b>Total shareholders' equity</b>	<b>11,974</b>	<b>11,742</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	1	1
Remeasurements of defined benefit plans	(79)	(78)
<b>Total accumulated other comprehensive income</b>	<b>(78)</b>	<b>(77)</b>
<b>Total net assets</b>	<b>11,895</b>	<b>11,664</b>
<b>Total liabilities and net assets</b>	<b>22,494</b>	<b>20,770</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
(Quarterly Consolidated Statement of Income)  
(For the First Six Months ended September 30, 2020)

(Unit: Million yen)

	First six months of FY 3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY 3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Net sales	36,797	32,972
Cost of sales	30,587	27,879
Gross profit	6,210	5,093
Selling, general and administrative expenses	5,082	4,361
Operating profit	1,128	731
Non-operating income		
Interest income	1	1
Dividend income	3	0
Subsidy income	24	274
House rent income	16	20
Other	16	12
Total non-operating income	63	309
Non-operating expenses		
Interest expenses	7	6
Share of loss of entities accounted for using equity method	1	4
Rent expenses	8	10
Other	19	30
Total non-operating expenses	37	51
Ordinary profit	1,154	989
Extraordinary income		
Gain on sales of investment securities	64	-
Total extraordinary income	64	-
Extraordinary losses		
Loss on sales of investment securities	3	-
Directors' retirement benefits	-	50
Total extraordinary losses	3	50
Profit before income taxes	1,214	938
Income taxes - current	423	388
Income taxes - deferred	6	(47)
Total income taxes	429	341
Profit	785	596
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	785	596

(Quarterly Consolidated Statement of Comprehensive Income)  
(For the First Six Months ended September 30, 2020)

(Unit: Million yen)

	First six months of FY 3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY 3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Profit	785	596
Other comprehensive income		
Valuation difference on available-for-sale securities	(41)	-
Remeasurements of defined benefit plans, net of tax	(2)	1
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	(43)	1
Comprehensive income	741	598
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	741	598
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes regarding Quarterly Consolidated Financial Statements

(Notes regarding the Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Additional Information)

(Accounting Estimates Associated with the Spread of COVID-19 Infections)

There are no significant changes to the assumptions, including the timing of the convergence of the effects of COVID-19 infections, as described in the (Additional Information) section of the Notes regarding Quarterly Consolidated Financial Statements for the previous period under review (first quarter consolidated accounting period).